

**CONWAY SPRINGS
UNIFIED SCHOOL DISTRICT NO. 356
CONWAY SPRINGS, KANSAS**

**FINANCIAL STATEMENTS
JUNE 30, 2011**

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
TABLE OF CONTENTS
JUNE 30, 2011

Financial Statements

Independent Auditors' Report	1 - 2
Summary of Cash Receipts, Cash Expenditures, and Unencumbered Cash	3 - 4
Summary of Expenditures - Actual and Budget	5 - 6
Statement of Cash Receipts and Expenditures - Actual and Budget	
General Fund	7
Supplemental General	8
Adult Supplemental Education	9
At-risk	10
Capital Outlay	11
Driver Training	12
Food Service	13
Special Education	14
Vocational Education	15
KPERS	16
Recreation Commission	17
Bond and Interest	18
Statement of Cash Receipts and Expenditures - Actual	
REAP Federal Grant - SRSA	19
Grants	20
Drug Free Grants	21
Title I	22
Title II	23
Memorial/Gift	24
Contingency Reserve	25
Textbook Rental and Student Mat.	26
Band Special Fund	27
Carl Perkins	28
Statement of Cash Receipts and Expenditures - Actual	
Agency Funds - Student Organizations	29
Statement of Cash Receipts, Expenditures and Unencumbered Cash - District Activity Funds	30 - 31
Notes to Financial Statements	32 - 44
Federal Award Information	
Schedule of Expenditures of Federal Awards	46 - 47



INDEPENDENT AUDITORS' REPORT

**Board of Education
Conway Springs Unified School District No. 356
Conway Springs, Kansas**

We have audited the accompanying financial statements of **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, as of and for the year ended **June 30, 2011**, as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year partial comparative financial information has been derived from the District's 2010 financial statements and, in our report dated, November 5, 2010, we expressed an unqualified opinion that the financial statements were fairly presented in accordance with the cash basis and budget laws of the State of Kansas.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the *Kansas Municipal Audit Guide*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, has prepared these financial statements in conformity with the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Board of Education

Conway Springs Unified School District No. 356

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, as of **June 30, 2011**, or the changes in its financial position for the year then ended. Further, **Conway Springs Unified School District No. 356, Conway Springs, Kansas** has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash and unencumbered cash balances of **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, as of **June 30, 2011**, and its cash receipts and expenditures, and budgetary comparisons for the year then ended, on the basis of accounting described in Note 1.

Our audit was conducted for the purpose of forming an opinion on the financial statements of **Conway Springs Unified School District No. 356, Conway Springs, Kansas**, taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Chad A. Andra, CPA, LLC

Chad A. Andra, CPA, LLC

August 18, 2011

This page intentionally left blank.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
SUMMARY OF CASH RECEIPTS, CASH EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2011

<u>Fund</u>	Beginning Unencumbered <u>Cash Balance</u>	Prior Year Canceled <u>Encumbrances</u>	Cash <u>Receipts</u>
General Fund	\$ (315,955)	\$ -	\$ 3,824,799
Special Revenue Funds			
Supplemental General	(85,049)	-	1,169,672
Adult Supplemental Education	7,281	-	16,900
At-risk	-	-	296,659
Capital Outlay	643,216	-	127,906
Driver Training	20,920	-	8,546
Food Service	75,289	-	243,439
Special Education	244,541	-	597,029
Vocational Education	-	-	162,333
KPERs	(112,666)	-	302,857
Recreation Commission	5,551	-	90,375
REAP Federal Grant - SRSA	-	-	39,508
Grants	-	-	-
Drug Free Grants	-	-	-
Title I	-	-	86,717
Title II	-	-	16,822
Memorial/Gift	300	-	3,150
Contingency Reserve	440,484	-	-
Textbook Rental and Student Mat.	28,925	-	33,369
Band Special Fund	25,209	-	39,782
Carl Perkins	-	-	4,063
District Activity Funds	43,384	-	110,893
Debt Service Fund			
Bond and Interest Fund	743,476	-	882,166
	<u>\$ 1,764,906</u>	<u>\$ -</u>	<u>\$ 8,056,985</u>

Composition of Cash:

The notes to the financial statements are an integral part of this statement.

<u>Expenditures</u>	Ending Unencumbered <u>Cash Balance</u>	Add Outstanding Encumbrances and Accounts <u>Payable</u>	Ending <u>Cash Balance</u>
\$ 3,783,968	\$ (275,124)	\$ -	\$ (275,124)
1,090,000	(5,377)	-	(5,377)
11,073	13,108	-	13,108
198,522	98,137	-	98,137
102,060	669,062	-	669,062
6,690	22,776	-	22,776
255,163	63,565	-	63,565
611,570	230,000	-	230,000
162,333	-	-	-
190,191	-	-	-
88,000	7,926	-	7,926
39,508	-	-	-
-	-	-	-
-	-	-	-
86,717	-	-	-
16,822	-	-	-
3,150	300	-	300
189,476	251,008	-	251,008
35,984	26,310	-	26,310
17,058	47,933	-	47,933
4,063	-	-	-
102,679	51,598	-	51,598
873,410	752,232	-	752,232
<u>\$ 7,868,437</u>	<u>\$ 1,953,454</u>	<u>\$ -</u>	<u>\$ 1,953,454</u>
Checking and Money Market Accounts			\$ 1,961,816
Less: Agency Funds			8,362
			<u>\$ 1,953,454</u>

This page intentionally left blank.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011

<u>Fund</u>	<u>Certified Budget</u>	<u>Adjustment to Comply with Legal Max</u>	<u>Adjustment for Qualifying Budget Credits</u>
General Fund	\$ 3,949,814	\$ (173,444)	\$ 7,598
Special Revenue Funds			
Supplemental General	1,090,000	-	-
Adult Supplemental Education	16,900	-	-
At-risk	280,840	-	-
Capital Outlay	400,000	-	5,449
Driver Training	9,733	-	-
Food Service	341,320	-	-
Special Education	725,380	-	-
Vocational Education	172,270	-	-
KPERS	273,945	-	-
Recreation Commission	88,000	-	-
REAP Federal Grant - SRSA	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Grants	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Drug Free Grants	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Title I	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Title II	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Memorial/Gift	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Contingency Reserve	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Textbook Rental and Student Mat.	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Band Special Fund	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Carl Perkins	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
District Activity Funds	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx	xxxxxxxxxxxxxx
Debt Service Fund			
Bond and Interest Fund	873,410	-	-
	<u>\$ 8,221,612</u>	<u>\$ (173,444)</u>	<u>\$ 13,047</u>

The notes to the financial statements are an integral part of this statement.

Total Budget for <u>Comparison</u>	Expenditures Chargeable to <u>Current Year</u>	Variance - Over <u>(Under)</u>
\$ 3,783,968	\$ 3,783,968	\$ -
1,090,000	1,090,000	-
16,900	11,073	(5,827)
280,840	198,522	(82,318)
405,449	102,060	(303,389)
9,733	6,690	(3,043)
341,320	255,163	(86,157)
725,380	611,570	(113,810)
172,270	162,333	(9,937)
273,945	190,191	(83,754)
88,000	88,000	-
XXXXXXXXXXXXXX	39,508	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	-	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	-	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	86,717	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	16,822	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	3,150	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	189,476	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	35,984	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	17,058	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	4,063	XXXXXXXXXXXXXX
XXXXXXXXXXXXXX	102,679	XXXXXXXXXXXXXX
873,410	873,410	-
<u>\$ 8,061,215</u>	<u>\$ 7,868,437</u>	<u>\$ (688,235)</u>

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 361,854	\$ 350,943	\$ 329,610	\$ 21,333
State Sources	3,541,063	3,280,370	3,376,427	(96,057)
Federal Sources	800	-	-	-
Federal Sources - ARRA	193,492	70,333	70,333	-
Federal Sources - Ed Job	-	123,153	-	123,153
	<u>4,097,209</u>	<u>3,824,799</u>	<u>3,776,370</u>	<u>48,429</u>
Expenditures				
Instruction	1,529,300	1,620,623	1,741,429	(120,806)
Instruction - ARRA	130,977	70,333	70,333	-
Instruction - Ed Job	-	107,702	-	107,702
Student Support Services	105,320	122,538	135,830	(13,292)
Student Suppt. Serv. - ARRA	16,535	-	-	-
Student Suppt. Serv. - Ed Job	-	7,557	-	7,557
Instruction Support Staff	157,094	169,729	179,665	(9,936)
Instruct. Suppt. Staff - ARRA	8,288	-	-	-
Instruct. Suppt. Staff - Ed Job	-	7,894	-	7,894
General Administration	77,255	86,977	91,010	(4,033)
General Admin. - ARRA	8,385	-	-	-
School Administration	146,283	163,811	178,565	(14,754)
School Admin. - ARRA	21,282	-	-	-
Central Services	119,437	68,695	111,243	(42,548)
Operations & Maintenance	397,211	348,217	421,222	(73,005)
Operations & Maint. - ARRA	8,025	-	-	-
Student Transportation Serv.	130,294	181,224	227,302	(46,078)
Other Supplemental Serv.	13,378	12,938	12,938	-
Transfers	1,074,489	815,730	780,277	35,453
Adjustment to Comply with Legal Max	-	-	(173,444)	173,444
Adjustment for Qualifying Budget Credits	-	-	7,598	(7,598)
	<u>3,943,553</u>	<u>3,783,968</u>	<u>\$ 3,783,968</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	153,656	40,831		
Unencumbered Cash, Beginning	(469,611)	(315,955)		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ (315,955)</u>	<u>\$ (275,124)</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET

FOR THE YEAR ENDED JUNE 30, 2011

(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Supplemental General</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 394,888	\$ 394,871	\$ 361,450	\$ 33,421
County Sources	44,006	53,692	52,849	843
State Sources	484,552	721,109	634,472	86,637
Federal Sources - ARRA	160,872	-	-	-
	<u>1,084,318</u>	<u>1,169,672</u>	<u>1,048,771</u>	<u>120,901</u>
Expenditures				
Instruction	36,386	49,662	210,437	(160,775)
Instruction - ARRA	122,504	-	-	-
Student Suppt. Serv.	-	-	8,258	(8,258)
Student Suppt. Serv. - ARRA	7,916	-	-	-
Instruct. Suppt. Staff	-	42	8,812	(8,770)
Instruct. Suppt. Staff - ARRA	8,410	-	-	-
General Administration	61,984	59,837	61,553	(1,716)
General Admin. - ARRA	694	-	-	-
School Administration	128,870	127,116	153,020	(25,904)
School Admin. - ARRA	21,348	-	-	-
Central Services	3,471	33,629	4,200	29,429
Operations & Maintenance	292,634	471,148	274,720	196,428
Transfers	380,783	348,566	369,000	(20,434)
Adjustment for Qualifying Budget Credits	-	-	-	-
	<u>1,065,000</u>	<u>1,090,000</u>	<u>\$ 1,090,000</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	19,318	79,672		
Unencumbered Cash, Beginning	(104,367)	(85,049)		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ (85,049)</u>	<u>\$ (5,377)</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Adult Supplemental Education</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 12,900	\$ 16,900	\$ 15,000	\$ 1,900
Expenditures				
Instruction	12,805	9,457	15,283	(5,826)
Instruction Support Staff	1,616	1,616	1,617	(1)
	<u>14,421</u>	<u>11,073</u>	<u>\$ 16,900</u>	<u>\$ (5,827)</u>
Receipts Over (Under)				
Expenditures	(1,521)	5,827		
Unencumbered Cash, Beginning	8,802	7,281		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 7,281</u>	<u>\$ 13,108</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>At-risk</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Transfers	<u>\$ 265,996</u>	<u>\$ 296,659</u>	<u>\$ 280,840</u>	<u>\$ 15,819</u>
Expenditures				
Instruction	253,780	186,063	267,125	(81,062)
Student Support Services	<u>12,216</u>	<u>12,459</u>	<u>13,715</u>	<u>(1,256)</u>
	<u>265,996</u>	<u>198,522</u>	<u>\$ 280,840</u>	<u>\$ (82,318)</u>
Receipts Over (Under)				
Expenditures	-	98,137		
Unencumbered Cash, Beginning	-	-		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ 98,137</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Capital Outlay</u>	<u>Current Year</u>			Variance - Over (Under)
	<u>Prior Year Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 19,449	\$ 18,457	\$ 13,400	\$ 5,057
County Sources	-	-	-	-
Federal Sources (reimburse.)	3,255	5,449	-	5,449
Transfers	279,192	104,000	-	104,000
	<u>301,896</u>	<u>127,906</u>	<u>13,400</u>	<u>114,506</u>
Expenditures				
Instruction	-	-	30,000	(30,000)
Student Support Services	-	-	-	-
Operations and Maintenance	-	10,179	120,000	(109,821)
Transportation	19,995	-	200,000	(200,000)
Facilities Acquisition & Const.	28,538	91,881	50,000	41,881
Adjustment for Qualifying Budget Credits	-	-	5,449	(5,449)
	<u>48,533</u>	<u>102,060</u>	<u>\$ 405,449</u>	<u>\$ (303,389)</u>
Receipts Over (Under)				
Expenditures	253,363	25,846		
Unencumbered Cash, Beginning	389,853	643,216		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 643,216</u>	<u>\$ 669,062</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Driver Training</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 6,300	\$ 5,882	\$ 7,584	\$ (1,702)
State Sources	1,000	2,664	3,360	(696)
Transfers	-	-	-	-
	<u>7,300</u>	<u>8,546</u>	<u>10,944</u>	<u>(2,398)</u>
Expenditures				
Instruction	4,666	5,534	7,733	(2,199)
Vehicle Operation & Maint.	759	1,156	2,000	(844)
	<u>5,425</u>	<u>6,690</u>	<u>\$ 9,733</u>	<u>\$ (3,043)</u>
Receipts Over (Under)				
Expenditures	1,875	1,856		
Unencumbered Cash, Beginning	19,045	20,920		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 20,920</u>	<u>\$ 22,776</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Food Service</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 142,413	\$ 140,708	\$ 167,095	\$ (26,387)
State Sources	2,877	2,774	2,566	208
Federal Sources	99,467	95,682	109,123	(13,441)
Transfers	57,059	4,275	60,000	(55,725)
	<u>301,816</u>	<u>243,439</u>	<u>338,784</u>	<u>(95,345)</u>
Expenditures				
Operations and Maintenance	4,211	2,409	7,000	(4,591)
Food Service Operation	296,947	252,754	334,320	(81,566)
	<u>301,158</u>	<u>255,163</u>	<u>\$ 341,320</u>	<u>\$ (86,157)</u>
Receipts Over (Under)				
Expenditures	658	(11,724)		
Unencumbered Cash, Beginning	74,631	75,289		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 75,289</u>	<u>\$ 63,565</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Special Education</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ -	\$ -	\$ -	\$ -
State Sources	-	-	-	-
Transfers	681,637	597,029	636,167	(39,138)
	<u>681,637</u>	<u>597,029</u>	<u>636,167</u>	<u>(39,138)</u>
Expenditures				
Instruction	525,446	535,832	566,010	(30,178)
Student Support Services	9,863	11,783	12,789	(1,006)
Student Transportation Services	61,787	63,955	146,581	(82,626)
	<u>597,096</u>	<u>611,570</u>	<u>\$ 725,380</u>	<u>\$ (113,810)</u>
Receipts Over (Under)				
Expenditures	84,541	(14,541)		
Unencumbered Cash, Beginning	160,000	244,541		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 244,541</u>	<u>\$ 230,000</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Vocational Education</u>	Prior Year <u>Actual</u>	<u>Current Year</u> <u>Actual</u>	<u>Budget</u>	Variance - Over (Under)
Cash Receipts				
Local Sources	\$ -	\$ -	\$ -	\$ -
Transfers	171,387	162,333	172,270	(9,937)
	<u>171,387</u>	<u>162,333</u>	<u>172,270</u>	<u>(9,937)</u>
Expenditures				
Instruction	171,387	162,333	172,270	(9,937)
Instruction Support Staff	-	-	-	-
Adjustment for Qualifying				
Budget Credits	-	-	-	-
	<u>171,387</u>	<u>162,333</u>	<u>\$ 172,270</u>	<u>\$ (9,937)</u>
Receipts Over (Under)				
Expenditures	-	-		
Unencumbered Cash, Beginning	-	-		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>KPERS</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
State Sources	\$ 113,735	\$ 302,857	\$ 273,945	\$ 28,912
	<u>113,735</u>	<u>302,857</u>	<u>273,945</u>	<u>28,912</u>
Expenditures				
Instruction	144,897	119,820	172,585	(52,765)
Student Support Services	6,792	9,509	13,697	(4,188)
Instruction Support Staff	11,320	9,509	13,697	(4,188)
General Administration	6,792	7,608	10,958	(3,350)
School Administration	24,904	17,117	24,655	(7,538)
Central Services	4,528	3,804	5,480	(1,676)
Operations & Maintenance	11,320	9,510	13,697	(4,187)
Student Transportation Services	9,056	7,608	10,958	(3,350)
Food Service	6,792	5,706	8,218	(2,512)
	<u>226,401</u>	<u>190,191</u>	<u>\$ 273,945</u>	<u>\$ (83,754)</u>
Receipts Over (Under)				
Expenditures	(112,666)	112,666		
Unencumbered Cash, Beginning	-	(112,666)		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ (112,666)</u>	<u>\$ -</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Recreation Commission</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 76,298	\$ 79,298	\$ 73,772	\$ 5,526
County Sources	10,521	\$ 11,077	\$ 10,871	206
State Sources	-	-	-	-
	<u>86,819</u>	<u>90,375</u>	<u>84,643</u>	<u>5,732</u>
Expenditures				
Community Service Operations	<u>133,000</u>	<u>88,000</u>	<u>88,000</u>	-
	<u>133,000</u>	<u>88,000</u>	<u>\$ 88,000</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	(46,181)	2,375		
Unencumbered Cash, Beginning	51,732	5,551		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 5,551</u>	<u>\$ 7,926</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
ACTUAL AND BUDGET
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Bond and Interest</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 400,352	\$ 420,313	\$ 397,898	\$ 22,415
County Sources	60,648	60,084	58,973	1,111
State Sources	410,433	401,769	401,769	-
	<u>871,433</u>	<u>882,166</u>	<u>858,640</u>	<u>23,526</u>
Expenditures				
Debt Service	<u>873,262</u>	<u>873,410</u>	<u>873,410</u>	<u>-</u>
	<u>873,262</u>	<u>873,410</u>	<u>\$ 873,410</u>	<u>\$ -</u>
Receipts Over (Under)				
Expenditures	(1,829)	8,756		
Unencumbered Cash, Beginning	745,305	743,476		
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>		
Unencumbered Cash, Ending	<u>\$ 743,476</u>	<u>\$ 752,232</u>		

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

REAP Federal Grant - SRSA

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 40,600	\$ 39,508
	<u>40,600</u>	<u>39,508</u>
Expenditures		
Instruction	40,600	39,508
Instruction Support Staff	-	-
	<u>40,600</u>	<u>39,508</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Grants</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ -	\$ -
State Sources	-	-
Federal Sources	750	-
	<u>750</u>	<u>-</u>
Expenditures		
Instruction	500	-
Student Support Services	750	-
	<u>1,250</u>	<u>-</u>
Receipts Over (Under)		
Expenditures	(500)	-
Unencumbered Cash, Beginning	500	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Drug Free Grants</u>		
	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 1,606	\$ -
	<u>1,606</u>	<u>-</u>
Expenditures		
Instruction	1,606	-
	<u>1,606</u>	<u>-</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Title I</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 63,738	\$ 69,886
Federal Sources - ARRA	\$ 18,393	\$ 16,831
	<u>82,131</u>	<u>86,717</u>
Expenditures		
Instruction	58,183	65,349
Instruction - ARRA	18,393	16,831
General Administration	3,564	4,537
Student Transportation Services	1,991	-
	<u>82,131</u>	<u>86,717</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Title II</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 17,579	\$ 16,822
Federal Sources - ARRA	\$ 1,307	\$ -
	<u>18,886</u>	<u>16,822</u>
Expenditures		
Instruction	17,579	16,822
Instruction - ARRA	1,307	-
	<u>18,886</u>	<u>16,822</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash,		
Beginning	-	-
Prior Year Canceled		
Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash,		
Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Memorial/Gift</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 382	\$ 3,150
	<u>382</u>	<u>3,150</u>
Expenditures		
Instruction	-	3,126
Instruction Support Staff	82	24
	<u>82</u>	<u>3,150</u>
Receipts Over (Under)		
Expenditures	300	-
Unencumbered Cash, Beginning	-	300
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 300</u>	<u>\$ 300</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Contingency Reserve</u>		
	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Transfers	\$ -	\$ -
	<u> -</u>	<u> -</u>
Expenditures		
Operations and Maintenance	-	12,902
Other Supplemental Service	-	176,574
	<u> -</u>	<u>189,476</u>
Receipts Over (Under)		
Expenditures	-	(189,476)
Unencumbered Cash, Beginning	440,484	440,484
Prior Year Canceled Encumbrances	<u> -</u>	<u> -</u>
Unencumbered Cash, Ending	<u>\$ 440,484</u>	<u>\$ 251,008</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Textbook Rental and Student Mat.</u>		
	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	\$ 33,553	\$ 33,369
	<u>33,553</u>	<u>33,369</u>
Expenditures		
Instruction	<u>19,171</u>	<u>35,984</u>
	<u>19,171</u>	<u>35,984</u>
Receipts Over (Under)		
Expenditures	14,382	(2,615)
Unencumbered Cash,		
Beginning	14,543	28,925
Prior Year Canceled		
Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash,		
Ending	<u>\$ 28,925</u>	<u>\$ 26,310</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

<u>Band Special Fund</u>	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Local Sources	<u>\$ 18,500</u>	<u>\$ 39,782</u>
	<u>18,500</u>	<u>39,782</u>
Expenditures		
Instruction	<u>9,618</u>	<u>17,058</u>
	<u>9,618</u>	<u>17,058</u>
Receipts Over (Under)		
Expenditures	8,882	22,724
Unencumbered Cash, Beginning	16,327	25,209
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ 25,209</u>	<u>\$ 47,933</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
STATEMENT OF CASH RECEIPTS AND EXPENDITURES -
FOR THE YEAR ENDED JUNE 30, 2011
(With Comparative Actual Totals for the Prior Year Ended June 30, 2010)

Carl Perkins

	Prior Year <u>Actual</u>	Current Year <u>Actual</u>
Cash Receipts		
Federal Sources	\$ 3,842	\$ 4,063
	<u>3,842</u>	<u>4,063</u>
Expenditures		
Instruction	3,842	4,063
Instruction Support Staff	<u>-</u>	<u>-</u>
	<u>3,842</u>	<u>4,063</u>
Receipts Over (Under)		
Expenditures	-	-
Unencumbered Cash, Beginning	-	-
Prior Year Canceled Encumbrances	<u>-</u>	<u>-</u>
Unencumbered Cash, Ending	<u>\$ -</u>	<u>\$ -</u>

The notes to the financial statements are an integral part of this statement.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
AGENCY FUNDS - STUDENT ORGANIZATIONS
STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
High School				
Class of 2011	\$ 1,851	12,474	\$ 14,325	\$ -
Class of 2012	460	10,076	9,056	1,480
Class of 2013	35	105	34	106
Class of 2014	-	225	40	185
Cheerleaders	2,449	4,576	6,093	932
Dance Team	2,239	4,755	6,677	317
Red Link	653	-	-	653
Scholar Bowl	75	881	802	154
National Honor Society	1,172	2,457	2,212	1,417
Cardinal Council	293	11	43	261
Advanced Biology	99	-	98	1
Cardinalaires	630	3,748	4,377	1
FCCLA	504	650	750	404
STUCO	2,179	11,696	12,876	999
	<u>12,639</u>	<u>51,654</u>	<u>57,383</u>	<u>6,910</u>
Middle School				
Cheerleaders	52	632	610	74
Scholar Bowl	334	160	238	256
STUCO	1,613	4,952	5,443	1,122
	<u>1,999</u>	<u>5,744</u>	<u>6,291</u>	<u>1,452</u>
	<u>\$ 14,638</u>	<u>\$ 57,398</u>	<u>\$ 63,674</u>	<u>\$ 8,362</u>

The notes to the financial statements are an integral part of this statement.

This page intentionally left blank.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
DISTRICT ACTIVITY FUNDS
STATEMENT OF CASH RECEIPTS, EXPENDITURES,
AND UNENCUMBERED CASH
FOR THE YEAR ENDED JUNE 30, 2011

<u>Fund</u>	<u>Beginning Unencumbered Cash Balance</u>	<u>Prior Year Canceled Encumbrances</u>	<u>Cash Receipts</u>
High School			
Athletics	\$ 20,265	\$ -	\$ 68,936
Concessions	3,155	-	16,988
Student Productions	1,304	-	-
Band Activity	924	-	2,603
School Beautification	-	-	602
Take Charge of Education	34	-	-
Memorials	1,300	-	1,018
Piano Festival	112	-	505
	<u>27,094</u>	<u>-</u>	<u>90,652</u>
Middle School			
Athletics	5,814	-	13,606
Band Dept.	274	-	-
Music Dept.	598	-	738
School Benefit	1,412	-	-
Science Olympiad	266	-	-
Landscaping	131	-	-
	<u>8,495</u>	<u>-</u>	<u>14,344</u>
Elementary School			
Textbook	-	-	-
School Benefit	278	-	2,169
PTO	7,226	-	3,497
Flower	291	-	231
	<u>7,795</u>	<u>-</u>	<u>5,897</u>
	<u>\$ 43,384</u>	<u>\$ -</u>	<u>\$ 110,893</u>

The notes to the financial statements are an integral part of this statement.

<u>Expenditures</u>	<u>Ending Unencumbered Cash Balance</u>	<u>Add Outstanding Encumbrances and Accounts Payable</u>	<u>Ending Cash Balance</u>
\$ 64,573	\$ 24,628	\$ -	\$ 24,628
14,142	6,001	-	6,001
-	1,304	-	1,304
2,804	723	-	723
570	32	-	32
-	34	-	34
1,097	1,221	-	1,221
423	194	-	194
<u>83,609</u>	<u>34,137</u>	<u>-</u>	<u>34,137</u>
12,026	7,394	-	7,394
-	274	-	274
1,115	221	-	221
-	1,412	-	1,412
-	266	-	266
-	131	-	131
<u>13,141</u>	<u>9,698</u>	<u>-</u>	<u>9,698</u>
-	-	-	-
2,079	368	-	368
3,472	7,251	-	7,251
378	144	-	144
<u>5,929</u>	<u>7,763</u>	<u>-</u>	<u>7,763</u>
<u>\$ 102,679</u>	<u>\$ 51,598</u>	<u>\$ -</u>	<u>\$ 51,598</u>

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies:

Reporting Entity

Conway Springs Unified School District No. 356 is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Conway Springs, Kansas. The District is governed by an elected seven-member Board of Education. Except for the Conway Springs Recreation Commission, the District's financial statements include all funds over which the Board of Education exercises oversight responsibility. Oversight responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters. The Conway Springs Recreation Commission, a separate municipality, is considered a component unit because the board is appointed by the District. Conway Springs Recreation Commission reports separately and has not been included as part of the District's financial statements.

Basis of Presentation - Fund Accounting

A fund is defined as an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purposes of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

The following types of funds comprise the financial activities of the District for the year:

Governmental Funds

General Fund - to account for all unrestricted resources except those required to be accounted for in another fund.

Special Revenue Funds - to account for the proceeds of specific revenue sources (other than special assessments or major capital projects) that are restricted by law or administrative action to expenditure for a specified purpose.

Debt Service Funds - to account for the accumulation of resources for, and the payment of, interest and principal of general long-term debt.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies: (Continued)

Capital Project Fund - to account for financial resources segregated for the acquisition of major capital facilities. Currently, there are no capital projects.

Fiduciary Funds

Trust and Agency Funds - to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or funds.

Statutory Basis of Accounting

The statutory basis of accounting, as used in the preparation of these statutory basis financial statements, is designed to demonstrate compliance with the cash basis and budget laws of the State of Kansas. Cash receipts are recognized when the cash balance of a fund is increased. Expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract. For an interfund transaction, a cash receipt is recorded in the fund receiving cash from another fund, and an expenditure would be charged in the fund from which the transfer is made.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the District to use the statutory basis of accounting.

Departure from Accounting Principles Generally Accepted in the United States of America

The basis of accounting described above results in a financial statement presentation which shows cash receipts, expenditures, cash and unencumbered cash balances, and expenditures compared to budget. Balance sheets that would have shown noncash assets such as receivables, inventories, and prepaid expense, liabilities such as deferred revenue and matured principal and interest payable, and reservations of the fund balance are not presented. Under accounting principles generally accepted in the United States of America, encumbrances are only recognized as a reservation of fund balance; encumbrances outstanding at year-end do not constitute expenditures or liabilities. Consequently, the expenditures, as reported, do not present the cost of goods and services received during the fiscal year in accordance with accounting principles generally accepted in the United States of America. General fixed assets that account for the land, buildings, and equipment owned by the municipality are not presented in the financial statements. Also, general long-term debt such as general obligation bonds, temporary notes, and compensated absences are not presented in the financial statements.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies: (Continued)

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for this year.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 1 - Summary of Significant Accounting Policies: (Continued)

A legal operating budget is not required for capital projects funds, fiduciary funds, and the following special revenue funds:

REAP Federal Grant - SRSA	Memorial /Gift
Grants	Contingency Reserve
Drug Free Grants	Textbook Rental and Student Mat.
Title I	Band Special Fund
Title II	Carl Perkins
District Activity Funds	

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

Reimbursed Expenses

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

Note 2 - Deposits and Investments:

As of June 30, 2011, the District held no investments. All district funds were held in checking accounts and a money market account at two local banks.

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main branch bank in the county in which the District is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investments of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 2 - Deposits and Investments: (Continued)

Concentration of Credit Risk

State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2011.

At June 30, 2011, the District's carrying amount of deposits was \$1,961,816 and the bank balance was \$2,406,116. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$395,767 was covered by federal depository insurance, \$2,010,349 was collateralized with securities held by the pledging financial institutions' agents in the District's name.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured.

As of June 30, 2011 the District held no investments.

Note 3 - Long-Term Debt:

On May 1, 2001 the District issued general obligation bonds for refunding purposes in the amount of \$4,315,000. The issuance had been invested with a third party escrow agent and was used to retire the 1995 bond issue.

On December 15, 2001 the District issued general obligation bonds for capital projects in the amount of \$4,350,000.

On June 1, 2011, the District issued general obligation bonds for refunding purposes in the amount of \$5,115,000. The issuance has been invested with a third party escrow agent and will be used to redeem \$1,780,000 of the 2001 bond issue on September 1, 2011 and \$3,120,000 of the 2001B bond issue on March 1, 2012. The 2001 and 2001B bond issues were considered defeased as of June 7, 2011.

This page intentionally left blank.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2011

Note 3 - Long-Term Debt: (Continued)

Changes in long-term debt for the District for the year ended June 30, 2011, were as follows:

<u>Issue</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>
General Obligation Bonds 2001 Series	3.50 - 4.90	5/1/01	\$ 4,315,000	9/1/11
General Obligation Bonds 2001B Series	4.75 - 7.50	12/15/01	\$ 4,350,000	3/1/12
General Obligation Bonds 2011 Series	2.00 - 3.10	6/1/11	\$ 5,115,000	3/1/22

Current maturities of long-term debt and interest for the next five years and in five year increments through maturity are as follows:

<u>Issue</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Principal				
General obligation bonds	\$ 740,000	\$ 740,000	\$ 780,000	\$ 810,000
Interest				
General obligation bonds	<u>109,846</u>	<u>114,985</u>	<u>99,935</u>	<u>84,135</u>
Total Principal and Interest	<u>\$ 849,846</u>	<u>\$ 854,985</u>	<u>\$ 879,935</u>	<u>\$ 894,135</u>

<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance End of Year</u>	<u>Interest Paid</u>
2,625,000	-	2,190,000	435,000	112,310
3,500,000	-	3,300,000	200,000	171,100
-	5,115,000	-	5,115,000	-
<u>\$ 6,125,000</u>	<u>\$ 5,115,000</u>	<u>\$ 5,490,000</u>	<u>\$ 5,750,000</u>	<u>\$ 283,410</u>

<u>2016</u>	<u>2017-2021</u>	<u>2022</u>	<u>Total</u>
\$ 600,000	\$ 1,680,000	\$ 400,000	\$ 5,750,000
69,004	211,480	12,400	701,785
<u>\$ 669,004</u>	<u>\$ 1,891,480</u>	<u>\$ 412,400</u>	<u>\$ 6,451,785</u>

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 4 - Compensated Absences:

All permanent full-time employees are eligible for general leave benefits that can be used for vacation, sick, or personal days. These benefits are given annually and can accumulate based on the District's policies.

It is the policy of the District to record general leave benefits as expenditures when paid.

Note 5 - Interfund Transfers:

Operating transfers were as follows:

<u>From</u>	<u>To</u>	<u>Statutory Authority</u>	<u>Amount</u>
General Fund	At-risk	K.S.A. 72-6428	\$ 266,605
Supplemental General	At-risk	K.S.A. 72-6433	30,054
General Fund	Capital Outlay	K.S.A. 72-6428	104,000
General Fund	Food Service	K.S.A. 72-6428	4,275
General Fund	Special Education	K.S.A. 72-6428	367,029
Supplemental General	Special Education	K.S.A. 72-6433	230,000
General Fund	Vocational Education	K.S.A. 72-6428	73,821
Supplemental General	Vocational Education	K.S.A. 72-6433	88,512
			<u>\$ 1,164,296</u>

Note 6 - Prior Year Balances:

Certain prior year balances are presented for comparison purposes.

Note 7 - Deferred Compensation Plan:

The District sponsors a deferred compensation plan under Internal Revenue Code Section 403(b). Permanent and part-time employees are eligible to participate under the plan. The employee is responsible for the amount of deferred compensation to be contributed. The District is not required to make any contributions.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 8 - Defined Benefit Pension Plan:

Plan Description

The District contributes to the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3869), calling 1-888-275-5737, or by going to their website at www.kpers.org.

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of covered salary for Tier 1 members and 6% of covered salary for Tier 2 members. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 9.17% of covered payroll between July 1, 2010 and March 31, 2011; and 8.17% of covered payroll between April 1, 2011 and June 30, 2011. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for District employees for the years ending June 30, 2011, 2010 and 2009 were \$190,191, \$226,401 and \$229,701, respectively, equal to the required contributions for each year.

Note 9 - Other Post Employment Benefits:

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the District is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the District makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the District under this program.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 10 - Termination Benefits:

The District had an early retirement program available prior to July 1, 2005. Under the program, a full-time employee must have been less than 64 years of age with ten or more years with the District and eligible for retirement under KPERS to elect retirement under the program. Benefits included monthly payments of an amount equal to a percentage of the employee's final basis contract annual salary and continued until age 65. The fiscal year ending June 30, 2005 was the last year additional employees could receive these benefits. The district continues to have expenditures for existing retired employees already receiving benefits.

It is the policy of the District to record these benefits as expenditures when paid. Payments under the program for the years ending June 30, 2011 and 2010 were \$1,438 and \$10,467, respectively.

The final payment for this benefit was made in August 2010.

Note 11 - Contingencies:

Grant Programs

This District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

Note 12 - Subsequent Events:

Management has evaluated the effects on the financial statements of subsequent events occurring through August 18, 2011, which is the date at which the financial statements were available to be issued.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 13 - Leases:

The District leases copy machines from South Central Kansas Education Service Center. Since the District does not present capital assets in the financial statements, the leases are treated as operating leases and the monthly rent payment is shown as an expenditure. The agreement is from July 15, 2010 to June 15, 2015 and calls for monthly payments of \$2,419 for 60 months. Payments totaling \$29,028 were made in fiscal year 2011. Future scheduled payments are as follows for the fiscal year:

2012	\$ 29,028
2013	29,028
2014	29,028
2015	<u>29,028</u>
Total	<u>\$116,112</u>

Note 14 - Related Party Transactions:

No related party transactions were identified for the fiscal year 2011.

Note 15 - Compliance with Kansas Statutes:

References made herein to the statutes are not intended as interpretations of the law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representation of the District. No material violations were noted; however, the following immaterial violations occurred:

Cash Basis Violation

K.S.A. 10-1113 requires each fund to comply with the cash basis laws of Kansas. That is, no commitments or indebtedness should be incurred unless there is available cash in the fund.

The General Fund incurred indebtedness in excess of the available cash balance. The General Fund expenditures exceeded the fund balance due to the final June state aid payment for the 2011 fiscal year being received after June 30, 2011. The June state aid for the General Fund of \$275,124 was received on July 7, 2011. K.S.A. 10-1116(a) exempts expenditures by school districts that are in excess of current revenues if the deficit in revenues is caused by late distribution of general state aid.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 15 - Compliance with Kansas Statutes: (Continued)

Cash Basis Violation (continued)

The Supplemental General Fund incurred indebtedness in excess of the available cash balance. The Supplemental Fund expenditures exceeded the fund balance due to the final June state aid payment for the 2011 fiscal year being received after June 30, 2011. The June state aid for the Supplemental General Fund of \$37,572 was received on July 7, 2011. K.S.A. 10-1116(a) exempts expenditures by school districts that are in excess of current revenues if the deficit in revenues is caused by late distribution of general state aid.

The KPERS Fund incurred indebtedness in excess of the available cash balance at the beginning of the fiscal year due to state aid payments for the 2010 fiscal year being received after June 30, 2010, in the amount of \$112,666. For the end of the 2011 fiscal year, the state did not show the late payment as being fiscal year 2011, but instead will be on fiscal year 2012 books. Thus only payments received in 2011 were recorded in the District's books to comply with the cash basis requirements since the state legislature has not exempted the KPERS fund.

Bond Payments

The Kansas Treasurer's office shows the District violated K.S.A. 10-130 due to failure to timely submit the bond payments. Due to the timing of the Board of Education meetings and the USPS mail, the September 1 payment was received by the treasurer's office one day late and the March 1 payment was received five days late. This violation was unintentional and will be avoided in the future by the District using the State's preferred electronic funds transfer payment method.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 16 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d)

(Statutory Presentation):

K.S.A. 72-6417(d) and K.S.A. 72-6434(d) require the school district to record any payment of general state aid that is due to be paid during the month of June and is paid to the school district after June 30 as a receipt for the school year ending on June 30. The following shows the revenue as required by these Statutes.

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011
General Fund

	Statutory Transactions	Budget	Variance - Over (Under)
Statutory Revenues			
Local Sources	\$ 350,943	\$ 329,610	\$ 21,333
State Sources	3,239,539	3,376,427	(136,888)
Federal Sources - ARRA	70,333	70,333	-
Federal Sources - Ed Job	123,153	-	123,153
	<u>3,783,968</u>	<u>3,776,370</u>	<u>7,598</u>
Expenditures			
Instruction	1,620,623	1,741,429	(120,806)
Instruction - ARRA	70,333	70,333	-
Instruction - Ed Job	107,702	-	107,702
Student Support Services	122,538	135,830	(13,292)
Student Suppt. Serv. - ARRA	-	-	-
Student Suppt. Serv. - Ed Job	7,557	-	7,557
Instruction Support Staff	169,729	179,665	(9,936)
Instruct. Suppt. Staff - ARRA	-	-	-
Instruct. Suppt. Staff - Ed Job	7,894	-	7,894
General Administration	86,977	91,010	(4,033)
General Admin. - ARRA	-	-	-
School Administration	163,811	178,565	(14,754)
School Admin. - ARRA	-	-	-
Central Services	68,695	111,243	(42,548)
Operations & Maintenance	348,217	421,222	(73,005)
Operations & Maint. - ARRA	-	-	-
Student Transportation Serv.	181,224	227,302	(46,078)
Other Supplemental Serv.	12,938	12,938	-
Transfers	815,730	780,277	35,453
Adjustment to Comply with Legal Max	-	(173,444)	173,444
Adjustment for Qualifying Budget Credits	-	7,598	(7,598)
	<u>3,783,968</u>	<u>\$ 3,783,968</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	-		
Modified Unencumbered Cash, July 1, 2010	-		
Prior Year Canceled Encumbrances	-		
Modified Unencumbered Cash, June 30, 2011	<u>\$ -</u>		

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2011

Note 16 - Compliance with K.S.A. 72-6417(d) and K.S.A. 72-6434(d) (Continued)

Statutory Revenues and Expenditures - Statutory and Budget
For the Year Ended June 30, 2011
Supplemental General

	<u>Statutory</u> <u>Transactions</u>	<u>Budget</u>	Variance - Over (Under)
Statutory Revenues			
Local Sources	\$ 394,871	\$ 361,450	\$ 33,421
County Sources	53,692	52,849	843
State Sources	632,403	634,472	(2,069)
	<u>1,080,966</u>	<u>1,048,771</u>	<u>32,195</u>
Expenditures			
Instruction	49,662	210,437	(160,775)
Student Suppt. Serv.	-	8,258	(8,258)
Instruct. Suppt. Staff	42	8,812	(8,770)
General Administration	59,837	61,553	(1,716)
School Administration	127,116	153,020	(25,904)
Central Services	33,629	4,200	29,429
Operations & Maintenance	471,148	274,720	196,428
Transfers	348,566	369,000	(20,434)
Adjustment for Qualifying Budget Credits	-	-	-
	<u>\$ 1,090,000</u>	<u>\$ 1,090,000</u>	<u>\$ -</u>
Statutory Revenues Over (Under) Expenditures	(9,034)		
Modified Unencumbered Cash, July 1, 2010	41,230		
Prior Year Canceled Encumbrances	-		
Modified Unencumbered Cash, June 30, 2011	<u>\$ 32,196</u>		

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

This page intentionally left blank.

CONWAY SPRINGS UNIFIED SCHOOL DISTRICT NO. 356
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011

<u>Grant Title</u> <u>Direct</u>	<u>Federal</u> <u>CFDA</u> <u>No.</u>	<u>Program</u> <u>Amount</u>
Department of Education		
Rural Education Achievement Program (REAP) - SRSA	84.358	\$ 39,508
(Passes Through Kansas Department of Education - <u>Pass-Through Grantor's Number DO356</u>)		
U.S. Department of Agriculture		
School Breakfast Program	10.553	10,515
National School Lunch Program	10.555	85,167
		<u>95,682</u>
U.S. Department of Education		
ARRA - State Fiscal Stabilization Fund - Education State Grants		
Recovery Act	84.394	70,333
Education Jobs Fund	84.41	123,153
Title I - Low Income	84.010	69,886
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	16,831
Title II-A - Improving Teacher Quality	84.367	16,585
Title II - Tech Literacy	84.318	237
		<u>297,025</u>
(Passes Through South Central Kansas Education <u>Service Center</u>)		
U.S. Department of Education		
Carl Perkins	84.048	4,063
		<u>\$ 436,278</u>

Note 1 - Basis of Presentation

The above schedule of expenditures of federal awards includes the federal grant activity of Unified School District No. 356, Conway Springs, Kansas, and is presented using the accounting practices prescribed by the State of Kansas to demonstrate compliance with the cash basis and budget laws of the State of Kansas, the same as the financial statements accompanying this schedule.

See accompanying Independent Auditors' Report.

Unencumbered Cash <u>7-1-10</u>	<u>Receipts</u>	<u>Expenditures</u>	Unencumbered Cash <u>6-30-11</u>
<u>\$ -</u>	<u>\$ 39,508</u>	<u>\$ 39,508</u>	<u>\$ -</u>
-	10,515	10,515	-
-	85,167	85,167	-
-	95,682	95,682	-
-	70,333	70,333	-
-	123,153	123,153	-
-	69,886	69,886	-
-	16,831	16,831	-
-	16,585	16,585	-
-	237	237	-
-	297,025	297,025	-
-	4,063	4,063	-
<u>\$ -</u>	<u>\$ 436,278</u>	<u>\$ 436,278</u>	<u>\$ -</u>